

Message Text

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PAGE 01 VIENNA 10996 301521Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-08 NSC-05 TRSE-00
SS-15 STR-05 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
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R 301421Z DEC 77
FM AMEMBASSY VIENNA
TO USIA WASHDC
INFO SECSTATE WASHDC 4584
AMCONSUL MUNICH
USNMR SHAPE
AMEMBASSY BRUSSELS

UNCLAS VIENNA 10996

USIAC

USEEC

FOR USIA FOR IPS/IBS/IEU/IOP/M, USINFO
STATE FOR EUR/CE
MUNICH PROGRAM CENTER FOR VOA MUNICH ATTN MR. HALSEY
BRUSSELS FOR MOSEN
EO 11652: N/A
SUBJ: PRESS REACTIONS- DOLLAR

1. THE PRESTIGIOUS INDEPENDENT DIE PRESSE DEC. 29 CARRIED
HIGHLY CRITICAL BACKGROUNDER ON "DOLLAR DIPLOMACY".
CORRESPONDENT HERMANN BOHLE WROTE FROM BRUSSELS: "WEAK-
NESS US DOLLAR SHOULD NOT DECEIVE ANYONE. TO CONTRARY:
ONLY BECAUSE US IS SO STRONG CAN IT AFFORD TO USE THE
DOLLAR FOR POWER POLITICS JUST LIKE ITS DIPLOMACY, BACKED
BY HUGE MILITARY MACHINE. YET AMERICAN DOLLAR DIPLOMACY
INVOLVES GREAT RISKS...INSTEAD RAISING TARIFFS OR
CREATING OTHER NEW TRADE BARRIERS, US MAKES ALL IMPORTS
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MORE EXPENSIVE THROUGH DOLLAR UNDERVALUING, THUS MAKING
SALES OF EUROPEAN PRODUCTS IN US CONSIDERABLY MORE
DIFFICULT. AT SAME TIME DOLLAR POLICY MAKES US EXPORTS
ARTIFICALLY CHEAPER NOT THROUGH SUBSIDIES WHICH ARE PRO-
HIBITED BY MANY INTERNATIONAL AGREEMENTS BUT THROUGH
TRICK OF DOLLAR UNDERVALUING...AMERICANS THUS OFFER THEIR
CARS OR OTHER EXPORT PRODUCTS AT CUT-RATE PRICES, A

PRACTICE EQUALLY PROHIBITED BY INTERNATIONAL TRADE
ARRANGEMENTS...IN THE SIXTIES US CITIZENS DID NOT
ECONOMIZE TO FINANCE THE VIETNAM WAR, BUT THOSE BILLIONS
CAME MAINLY FROM EUROPEANS, JAPANESE AND OTHE US ALLIES
WHO WERE FORCED TO BUY DOLLAR MASSES IN EXCHANGE FOR
MARKS, FRANCS, YENS, THUS EXTENDING CREDIT TO US....NOW THE
DOLLAR SUPPLY ABROAD HAS AGAIN INCREASED ENORMOUSLY, THIS
TIME THROUGH HUGE US OIL IMPORTS.HEUROPEANS AND JAPANESE
ARE FINANCING AMERICAN WASTEFULNESS...US FRIENDS AND
ALLIES MUST PUT UP WITH ALL THIS SINCE THEY DEPEND ON
AMERICAN MILITARY PROTECTION. THEY CANNOT AFFORD MONETARY
BANKRUPTCY OF LEADING POWER...DEFICIT DOLLAR MASSES
IN EUROPE AND IN WHOLE WESTERN WORLD...INCREASE MONEY
VOLUME, REKINDLE INFLATION. BECAUSE AMERICA IS
LIVING BEYOND ITS MEANS, INFLATION IS EVENTUALLY BOUND TO
GALLOP AGAIN...INFLATION ALSO WHITTLES DOWN DEFENSE
BUDGETS. WEST EUROPEAN DEFENSE CAPABILITY IS THEREBY
LOWERED...DOLLAR POWER POLITICS THUS PLAYS INTO SOVIET
HANDS. THROUGH CONCERTED IMF ACTION BY EC AND EUROPEAN
FREE TRADE PARTNERS-MAINLY SWITZERLAND, SWEDEN, AUSTRIA-
EUROPE COULD CURB ITS GREAT FRIEND AND ALLY."BARDOS

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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